their accounting systems and processes more efficiently to meet the changing business climate. Incumbent LECs should not be forced to bear the burden of maintaining a Commission-mandated set of accounts, but should be able to adopt accounts, methods, and processes that meet professional accounting standards. By removing the detailed accounts, incumbent LECs would have the flexibility to maintain records according to their own business needs, while still maintaining information deemed necessary to accommodate the regulatory monitoring which the Commission can demonstrate is required. The NPRM suggests that streamlining is not necessary because incumbent LECs disaggregate financial records into much greater detail than the current Class A Requirements.[27] The detail needed to manage an incumbent LEC's business is not compatible with Class A requirements and causes additional and unnecessary record keeping. For example, to manage their business, most companies maintain organizational expense budgets, not budgets at a Class A Expense Account level. The detailed accounting categories as prescribed in Part 32 certainly are not as relevant today for carriers subject to price cap regulation.

In addition, the current Part 32 rules are redundant. There are many safeguards which already exist to deter improper cross subsidization in addition to those contained in the Act and in the current rules. For example, companies that follow GAAP are also required to adhere to internal controls as prescribed by the Foreign Corrupt Practices Act of 1997, the Securities and

---

[27] NPRM at ¶ 6.

Exchange Commission and the Internal Revenue Service.

Effective internal controls are also defined in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 55, "Consideration of the Internal Control Structure in a Financial Statement Audit." A company's compliance with these internal control standards is evaluated annually by independent auditors as part of the field work done prior to the auditor's Opinion on the company's financial statements. A company's annual financial statements also include a Report of Management. This Report acknowledges management's responsibility for internal control and attests to the existence of a strong control structure which provides reasonable assurance that assets are safeguarded from unauthorized use or disposition, that transactions are properly recorded and executed, and that the financial records permit the preparation of reliable financial statements.

While competition and price cap regulation provide effective constraints on the ability of incumbent LECs to cross subsidize, other safeguards include financial and other reporting as well as internal and external audits and internal controls all described above, ongoing tariff review, Commission and state complaint and enforcement processes, the internal and external audits described above, activities of other agencies such as the Federal Trade Commission, Securities and Exchange Commission, FASB, Department of Justice, state attorneys general and Federal and state statutes, including the Telecommunications Act of 1996 and antitrust laws. All of these mechanisms exert inexorable discipline and provide effective protection. The current Part 32 and 64 rules are superfluous and further tilt the competitive advantage in favor of competitors who are free to enter and provide services without the restrictions imposed by the Commission.

The Commission can continue to monitor LEC results by reviewing the same data as that reported to the financial community and by bench marking LEC results to companies in similar industries.

The Commission also seeks additional streamlining proposals.[28] The Commission should consider and adopt other rules changes to reduce both the number of accounts as well as the filing requirements for carriers and at the same time move closer toward GAAP. Further, many of the current regulatory mechanisms, such as pre-approval of extraordinary items, prior period adjustments and contingent liabilities are no longer necessary in today's competitive environment and should be eliminated. Carriers are required to follow GAAP in recording these items to their books of accounts. For example, the prior approval process is simply an added cost burden on carriers that competitors do not share. The time lag in obtaining approval creates temporary differences between the Part 32 accounts and the external books of account thereby requiring the incumbent LEC to maintain multiple books of account until the approval is obtained. This is unnecessary.

The minutia of data required in the Expense Matrix categories as specified in Section 32.5999 should be eliminated, as these detailed jurisdictional records provide no apparent benefit

---

[28] NPRM at ¶ 19.

for regulatory purposes. Likewise, the Commission should modify Section 32.2000 to eliminate implementation details for telecommunications plant accounts. It is no longer appropriate to insist on uniformity amongst carriers, as competition has created very divergent mixes of products and services. Rather, the Commission should focus on streamlining regulation, not chaining carriers to cumbersome rules and reporting requirements.

As a first step in replacing Part 32 with GAAP, the Commission should adopt the following accounting changes:

1). Adopt Class B accounting for all LECs. The FCC should allow **ALL** incumbent LECs to report their accounting information using Class B accounts. This would allow incumbent LECs to maintain 109 accounts instead of 261 accounts for FCC reporting purposes, which significantly reduces many burdensome reporting activities. This will also relieve the LECs from certain detailed reporting requirements, such as reducing the number of accounts required to be reported as part of the ARMIS financial report filings (43-02 and 43-03). Class B reporting will provide an interim solution until transition to full GAAP is achieved. This less detailed level of reporting will also allow incumbent LECs to make reductions in administrative, financial, and operational processes and systems that are being implemented. For example, any new financial systems implemented can be designed to meet business needs and reduce or simplify the amount of regulatory reporting that requires special processes or work-arounds.

2). Streamline Property Records and Depreciation as defined in Section 32.2000 of Part 32. These rules should be modified to simply identify what the policies are instead of providing detailed, step-by-step implementation instructions. It should be sufficient for the rules to state that property records must be subject to internal accounting controls; must be auditable; must equal in the aggregate to the total investment reflected in the financial property control accounts as well as to the total of the cost allocations supporting the determination of cost-of-service at any particular point in time; and must be maintained throughout the life of the property. Carriers need not be given "how to" instructions. Requiring a LEC to maintain details for individual components, when consolidated tracking at a location would be sufficient, is not only costly, but also increases the likelihood of errors. Specifically, the Commission should:.

a). Eliminate detailed "how to" descriptions for each account.

b). Eliminate the requirement to file retirement unit lists and instead rely on GAAP depreciation and retirement standards.

c). Allow incumbent LECs to determine when vintage level data is required.

d). Allow incumbent LECs to determine the applicable depreciation rate for each account based upon GAAP standards. The Commission's current rules do not keep pace with the technological development of the industry

e). Eliminate the rule for approval to journalize extraordinary retirements as shown in 32.2000(g)(4) & (5). The group method of depreciation accounting provides for an adjustment to earnings in the event of an abnormal or highly unusual sale or retirement.

f). Allow use of GAAP internal controls. All companies must maintain sufficient internal controls in order to safeguard assets and ensure that their financial accounts and records are accurately stated based on GAAP standards. To comply with these standards, the incumbent LECs today submit to annual audits performed by independent public accountants that assess the adequacy of internal controls and the verification of assets, the results of operations, and the financial position of the Company.

g). Permit incumbent LECs to establish expense limits. This would reduce the cost of maintaining property records for the acquisition, depreciation, and retirement of low-cost, high-volume assets. This would also enable incumbent LECs to recognize the effects of inflation, technology changes, and regulatory changes, and to improve their ability to compete. GAAP addresses materiality standards. (See Item 5 below).

3). Eliminate the Expense Matrix as Well as Other Mandated Subsidary Records. The Commission requirement to maintain an expense matrix for each Part 32 expense account for salaries and wages, benefits, rents, other expenses, and clearances no longer offers additional ratepayer protection, is unnecessary to maintain, and should be eliminated. Changes to 32.2(f) and 32.12 should also be made to conform to GAAP.

4). Eliminate Notification Requirements to Conform to GAAP. Incumbent LECs should not be required to notify the Commission prior to adopting new accounting standards and should not be required to file complex revenue requirements that are costly and burdensome to produce. Modifying Section 32.16 of the rules to allow carriers to adopt new accounting standards concurrent with FASB would eliminate the need to maintain multiple sets of books to record differences between GAAP and Part 32. Further, the notification requirement in Part 32.25

should be eliminated and the Commission should permit carriers to recognize extraordinary items, prior period adjustments and contingencies in conformance with GAAP without filing for Commission approval. These material items are already disclosed in the Form 10-K and other financial reports.

5). Materiality Standards Should be the Same as GAAP. Part 32.26 should be eliminated and replaced with the GAAP standard for materiality[29] GAAP provides adequate guidance on materiality required for the maintenance of accurate accounting records.

6). GAAP Requirements for Inventories Should Replace Annual Inventories. The current rules requiring annual inventories for materials and supplies and station apparatus should be replaced with GAAP requirements for periodic inventories.

7). Eliminate Jurisdictional Difference Accounts (Accounts 1500, 4370, and 7910). Jurisdictional Difference Accounts do not contain Part 32 amounts and should not be required.

8). Consolidate Tax Accounts. Tax gross-up calculations should no longer be required in Accounts 1436 and 4361. Accounts 4340 and 4341 could be consolidated as well.

VII. CONCLUSION.

The NPRM does not contain sufficient recommendations to adequately streamline the accounting and cost allocation processes. USTA urges the Commission to work with the incumbent LEC industry to establish a plan to replace the outdated Part 32 with GAAP and

---

[29] Statement of Financial Accounting Concept No. 2, Paragraphs 123 - 132 and Glossary of Terms.

eliminate the detailed allocation of costs between regulated and nonregulated activities. USTA also respectfully requests the Commission to consider USTA's interim suggestions for immediate adoption.

Respectfully submitted,

UNITED STATES TELEPHONE ASSOCIATION

By: Linda L. Kent

Its Attorneys:

Lawrence E. Sarjeant
Linda L. Kent
Keith Townsend

1401 H Street, N.W., Suite 600
Washington, D.C. 20005
(202) 326-7248

July 17, 1998

PARTS 32 AND 64 STREAMLINING

TABLE OF CONTENTS

Part 32 Changes .... Page 2

Part 64 Changes .... Page 6

Attachment 1 - Class A&B Comparison .... Page 9

Attachment 2 - Class A Mandated Sub Accounts .... Page 23

Attachment 3 - Metallic/Non-metallic Breakdown .... Page 23

Attachment 4 - Expense Matrix .... Page 24

Attachment 5 - 32.2000 .... Page 26

Attachment 6 - 32.2(f), 32.12, 13(a)(3), 32.16, 32.25, 32.26, 32.1220(h), 32.2002(b), 32.2311(f), 32.1437, 32.4340, 32.4361 .... Page 37

Attachment 7 - 32.23 .... Page 40

Attachment 8 - 32.27(b), (c), (d) .... Page 41

Attachment 9 - 64.901(b)(4) .... Page 41

Attachment 10 - 64.901 (c) .... Page 42

Attachment 11 - 64.903(6)(b), RAO 19 .... Page 42

Attachment 12 - 64.904 .... Page 42

Attachment 13 - 64.901(b), 64.903(a)(5) and (6) .... Page 43

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
47 CFR 32, Sections C, D, E, F	47 USC Sections 154, 219, 220	M	Consolidate from Class A to Class B Accounting. Eliminate required subaccounts and subsidiary records as well as Jurisdictional Difference Accounts. See Attachment 1 for a comparison of Class A and B Accounts. See Attachment 2 for a list of required Sub Accounts that should be eliminated. See Attachment 3 for a list of Accounts that currently require a breakdown between metallic and nonmetallic that should be eliminated. See Attachment 4 for the rules change to eliminate the required expense matrix.	Small rate of return companies are already using Class B accounts. These accounts exist today in Part 32 of the Commission's rules. In addition, carriers should not be forced into maintaining subaccounts or subsidiary records that are not necessary to meet business requirements. Jurisdictional Difference Accounts do not contain USOA dollars and should not be required in Part 32 USOA. Price cap regulation breaks the link between prices and costs. Yet price cap companies are required to keep more detailed accounts than some companies that are on rate of return regulation. Removing the requirement to keep more detailed accounts for everyone gives flexibility to all ILECs to maintain sub accounts and subsidiary records according to business needs, while still allowing for regulatory monitoring. Class A/B Comparison A B Accounts 261 109 Sub Accounts 12 5 Subsidiary Records* 179 0 *Subsidiary records are required further breakdowns within each account for items such as metallic and nonmetallic plant, and salary and wages, benefits, rents, other and clearances for expenses.	43.21(e)(1) (Armis 43-02)

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
47 CFR 32.2000	Same as Above	M	Replace detailed Instructions for Telecommunications Plant Accounts with Policy Requirements instead of Specific Implementation Instructions. This includes Purpose of Telecommunication Plant Accounts, Telecommunications Plant Acquired, Cost of Construction, Telecommunications Plant Retired, Practices for Establishing and Maintaining Continuing Property Records, Basic Property Records, Depreciation Accounting, Amortization Accounting. See Attachment 5 for rules changes.	Maintaining the details prescribed in this section is costly and burdensome. This level of detail, especially for Property Records, has no relationship to the prices charged for services in today's environment. The public is already protected with the internal controls of the SEC required annual financial audit, the Foreign Corrupt Practices Act of 1977 as well as Generally Accepted Accounting Principles. Companies should be given the flexibility of deciding how best to implement the regulatory policies. Companies should not be forced to keep details that are not necessary for business needs. For companies to become competitive, they must differentiate themselves in the market place. Carriers implement different software packages for record keeping, structure their business and manage their business in different ways and offer different products and services. FCC rules and systems are closely tied together. The FCC rules should begin to move away from rules that dictate implementation to rules that prescribe policies. Forcing implementation uniformity is counterproductive to competitive differentiation. The proposed changes will establish the regulatory requirements by maintaining the regulatory policy, but eliminating the detailed implementation instructions. This will allow companies to migrate towards financial systems that meet business needs - without prior Commission approval - and without having to develop work-arounds or special processes to conform to regulatory implementation	43.43 (Reports of proposed changes in depreciation rates)

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
				requirements.	
47 CFR 32 Section 32.2 (f) 32.12 32.13(a)(3) 32.16, 32.25, 32.26, 32.1220(h) 32.2002(b) 32.2311(f) 32.1437, 32.4340, 32.4361	Same as Above	M	Eliminate preliminary notification requirements and look to Generally Accepted Accounting Principles for standard setting. See Attachment 6 for rules changes.	Even though the current rules permit LECs to adopt new standards or changes to existing standards, LECs must file complex revenue requirements and seek approval to adopt Financial Accounting Standards Board (FASB) approved changes to Generally Accepted Accounting Principles (GAAP). This approval process delays implementation and creates additional documentation burdens for LECs that competitive carriers do not have. Once the FASB provides authoritative guidance, LEC competitors simply implement the GAAP change in the most cost efficient manner. Today's LEC rules should be modified to automatically allow LECs to adopt new standards as they are approved by the FASB without the need to seek Commission approval and without performing a costly revenue requirement study. The FASB provides a process through which proposed changes in GAAP are exposed for debate, discussion and evaluation. Today's rules should be modified to follow GAAP standards.	
47 CFR 32.23	47 USC Sections 154, 219, 220	M	Tariffed incidental activities should not be accounted for as nonregulated. De minimis activities should be treated as incidental activities. See Attachment 7 for rules changes.	The tariff process already provides for ratepayer protection. Tariffed services should not also have to be accounted for as nonregulated. This accounting treatment provides no added ratepayer protection as the ratepayer is already paying the tariff rate. Incidental activities should include de minimis activities.	
47 CFR	47 USC	M	Use of fully distributed cost (rather than	Use of complex processes needs to be revisited.	

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
32.27(b), (c), (d)	Sections 154, 219, 220		comparing cost to market) should be allowed for all affiliate transactions. At a minimum, use of fully distributed cost (rather than comparing cost to market) should be extended to: - OTC sales to service companies - Specific centralized services that are performed solely for members of the corporate family, regardless of whether an affiliate or the OTC performs the service - Affiliate transactions with an annual threshold of $250,000 or less Affiliate transaction rules should not be applied to transactions involving OTC nonregulated activities. See Attachment 8 for Rules Changes	It should no longer be necessary for individual asset and service transactions to use two different methods to evaluate the same transaction - cost and market . One method should be sufficient. Using the LEC's cost for LEC provided assets or services insures ratepayers are made whole. For price cap companies, ratepayers are already protected with price caps. For LEC nonregulated activities, these costs are not included in ratemaking. There is no need to also subject these activities to a second set of rules - the affiliate transaction rules. For purchases from an affiliate, the LEC could use the affiliate's market price. In absence of a market in that activity, the LEC could use the affiliate's cost. Neither the Part 64 cost allocations, nor the resulting journalization of Part 32 affiliate transactions is used to set prices for competitive services. Furthermore, it is the antitrust laws that protect against predatory pricing of competitive services (see Docket 86-111, par 40). Finally competition and price caps already protects ratepayers.	
47 CFR 32	Same as Above	E	As competition unfolds, the Commission should require that LECs keep financial books and records in accordance with GAAP, rather than prescribe any Chart of Accounts.	The FASB has developed standards for use in accounting for financial activities. These standards do not prescribe a uniform chart of accounts, nor do they dictate uniformity in systems, processes or in what approved method a company should select. As companies become competitive and differentiate themselves in the marketplace, they should not be asked to bear	43.21(e)(1) (Armis 43-02)

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
				the burden of maintaining a Commission mandated Charts of Accounts. Individual company charts of accounts, methods and processes that meet professional accounting standards should be allowed to be used.	
47 CFR 64.901(b)(4)		E	Simplify the process of allocating Central Office and Outside Plant accounts by no longer requiring usage forecasts. See Attachment 9 for rules change	Requiring such detailed and complicated processes is costly with no added public benefit. Other regulatory processes such as Parts 36 and 69 do not require such a detailed and complex three-year forecast process for allocating network investment.	43.21(d)(1) and (2) (Armis 495A and 495B).
47 CFR 64,901(c)	Telecom Act of 1996 Section 254	E	Move this rule from Part 64 to Part 54. See Attachment 10 for rules change.	This rule comes from the Universal Service Section 254 of the Act and should be in Part 54 of the rules, not Part 64. A proxy model, not Part 64, is being used to identify who will receive High Cost support. For Lifeline, 254(k) has been cited as one of the Act's sections that requires carriers to pass Lifeline support directly to customers. The purpose of 254(k) is to govern what is done with the Universal Service support money, 254(k) was not intended to be a change to Part 64. The order changing Part 64 was issued without notice and comment procedures.	
47 CFR 64.903(6)(b)	Telecom Act of 1996, Section 11 (annual filing of CAMs)	M	Streamline the CAM process. Eliminate the requirement to quantify CAM changes to time reporting procedures, affiliate transactions and cost apportionment table. Eliminate the 15-day pre-approval requirement. Change RAO 19 to no longer require a product matrix in Section II of the CAM. This requirement is over and above what is in the rules. See Attachment 11 for rules change.	It is not the quantification, but the appropriateness of the change itself, that should be the basis upon which a CAM change is accepted or rejected. Small carriers on rate of return regulation are not required to file cost allocation manuals or to notify the Commission when allocators change. Tier 1 Carriers are required to file cost allocation manuals and to estimate the quantification of the allocation matrix changes. Many Tier 1 carriers are on price cap regulation which breaks the link between cost and price. Tier 1 carriers should no longer be required to expend resources to estimate the quantification of the matrix changes.	

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
47 CFR 64.904		E	Eliminate the requirement to perform costly annual external audits of Part 64 cost allocation. See Attachment 12 for rules change.	Small carriers on rate of return regulation are not required to hire external auditors to conduct annual audits. Tier 1 Carriers are required to pay for expensive annual external audits. These audits can cost up to $1 million a year. Carriers are also required to pay the Bureau annually for a detailed review of the external auditor workpapers. Tier 1 carriers should no longer be required to pay for both an annual external audit and an annual detailed Bureau review of the external audit. The external audit should no longer be required. (Even the Telecommunications Act established a sunset period for newly ordered external audits. The annual Part 64 external audits began with 1988 data)	47 CFR 43.21(e)(2) (Armis 43-03)
47 CFR 94.901(b)		M	Replace the complicated and detailed Part 64 Cost Allocation process with a simplified approach using Class B level accounts and fixed factors developed from the last ARMIS 43-03 report filed before the rules change becomes effective. See Attachment 13 for rules changes.	Today Tier 1 LECs must file a CAM and must maintain processes for hundreds of cost pools. Each Class A account must be listed separately with its related cost pools. These cost pools can contain directly assigned costs resulting from various forms of time reporting, or the cost pools can be allocated using extensive studies or complicated allocation formulas. A more simplified, less costly, and less time consuming method for separating costs should be adopted.	43.21(e)(2) (Armis 43-03) 43.21(d)(1), (2) (Armis 495A,B)
47 CFR 94.901 to 94.904		E	Eliminate the requirement to allocate costs between regulated and nonregulated activities.	Allocation processes, audits and reporting are costly. The requirement to separate costs between regulated and nonregulated activities is not a requirement placed on incumbent IXCs or CLECs. Carriers facing competition and price cap carriers should no longer be required to separate regulated costs from nonregulated costs. Part 64 is used to allocate current actual costs in	32.23 32.1406 32.5280 32.7999 43.21(e)(2) (Armis 43-03) 43.21(d)(1), (2) (Armis 495A,B)

PARTS 32 AND 64 STREAMLINING

RULE	SECTION OF ACT	DELETE OR MODIFY	ACTION	JUSTIFICATION	OTHER RULES IMPACTED
				the LEC books of account. Because Price Caps severs the link between price and cost, the amount of allocated cost is of no consequence. Hence, Part 64 offers no additional protection. As the Commission has already indicated, Part 64 costs are not used to price competitive services, and it is the antitrust laws that protect against predatory pricing (See Docket 86-111, par 40). Part 64 is not necessary to insure there is no cross subsidization between competitive and noncompetitive services for the purposes of Universal Service (Telecom Act 254K.) This requirement is achieved through passing Lifeline support directly to customers. (See Docket 96-45 , FCC 97-157 par. 336) Telecom Act Sections 272, 273 and 274 address separate the affiliate books of account, not the LEC books of account. Telecom Act Sections 260, 271, 275 and 276 are met with price caps.	

PARTS 32 AND 64 STREAMLINING

ATTACHMENT 1

Class A & B Comparison. Class A level of detail should no longer be prescribed. A prescribed Chart of Accounts at Class B level should be sufficient until such time as Part 32 can be eliminated. Jurisdictional Difference Accounts should be eliminated.

	Account Title	Class A Account	Class B Account
CURRENT ASSETS			
Cash and equivalents:			
	Cash and equivalents		1120
	Cash	1130	
	Special cash advances	1140	
	Working cash advances	1150	
	Temporary investments	1160	
Receivables and allowances for doubtful			
accounts:			
	Telecommunications accounts receivable	1180	1180
	Accounts Receivable allowance -		
	Telecommunications	1181	1181
	Other accounts receivable	1190	1190
	Accounts receivable allowance - other	1191	1191
	Note receivable	1200	1200
	Notes receivable allowance	1201	1201
	Interest and dividends receivable	1210	1210
Supplies:			
	Material and supplies	1220	1220

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
Prepayments:			
	Prepayments		1280
	Prepaid rents	1290	
	Prepaid taxes	1300	
	Prepaid insurance	1310	
	Prepaid directory expenses	1320	
	Other prepayments	1330	
Other current assets:			
	Other current assets	1350	1350
NONCURRENT ASSETS			
Investments:			
	Investment in affiliated companies	1401	1401
	Investments in nonaffiliated companies	1402	1402
	Nonregulated investments	1406	1406
	Unamortized debt issuance expense	1407	1407
	Sinking Funds	1408	1408
	Other noncurrent assets	1410	1410
Deferred charges:			
	Deferred tax regulatory asset	1437	1437
	Deferred maintenance and retirements	1438	1438
	Deferred charges	1439	1439
~~Other:~~			

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	~~Other jurisdictional assets - net~~	~~1500~~	~~1500~~
REGULATED PLANT			
Property, plant and equipment:			
	Telecommunications plant in service	2001	2001
	Property held for future telecommuni-		
	cations use	2002	2002
	Telecommunications plant under		
	construction - short term	2003	2003
	Telecommunications plant under		
	construction - long term	2004	2004
	Telecommunications plant adjustment	2005	2005
	Nonoperating plant	2006	2006
	Goodwill	2007	2007
TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)			
TPIS-General support assets:			
	Land and support assets		2110
	Land	2111	
	Motor vehicles	2112	
	Aircraft	2113	
	Special purpose vehicles	2114	
	Garage work equipment	2115	
	Other work equipment	2116	
	Buildings	2121	
	Furniture	2122	
	Office equipment	2123	

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	General purpose computers	2124	
TPIS-Central office assets:			
	Central office-switching		2210
	Analog electronic switching	2211	
	Digital electronic switching	2212	
	Electro-mechanical switching	2215	
	Operator systems	2220	2220
	Central office-transmission		2230
	Radio systems	2231	
	Circuit equipment	2232	
TPIS-Information origination/termination assets:			
	Information origination/termination		2310
	Station apparatus	2311	
	Customer premises wiring	2321	
	Large private branch exchanges	2341	
	Public telephone terminal equipment	2351	
	Other terminal equipment	2362	
TPIS-Cable and wire facilities assets:			
	Cable and wire facilities		2410
	Poles	2411	
	Aerial cable	2421	
	Underground cable	2422	
	Buried cable	2423	
	Submarine cable	2424	
	Deep sea cable	2425	
	Intrabuilding network cable	2426	

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	Aerial wire	2431	
	Conduit systems	2441	
TPIS-Amortizable assets			
	Amortizable tangible assets		2680
	Capital leases	2681	
	Leasehold improvements	2682	
	Intangibles	2690	2690
Depreciation and Amortization:			
	Accumulated depreciation	3100	3100
	Accumulated depreciation-Held for		
	future telecommunications use	3200	3200
	Accumulated depreciation-Nonoperating	3300	3300
	Accumulated amortization-Tangible		3400
	Accumulated amortization-Capitalized leases	3410	
	Accumulated amortization-Leasehold Improvements	3420	
	Accumulated amortization-Intangible	3500	3500
	Accumulated amortization-Other	3600	3600
Current Liabilities:			
	Accounts Payable	4010	4010
	Notes payable	4020	4020
	Advance billing and payments	4030	4030
	Customer deposits	4040	4040
	Current maturities-long term debt	4050	4050
	Current maturities-capital leases	4060	4060

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	Income taxes-accrued	4070	4070
	Other taxes-accrued	4080	4080
	Net current deferred operating income		
	taxes	4100	4100
	Net current deferred nonoperating		
	income taxes	4110	4110
	Other accrued liabilities	4120	4120
	Other current liabilities	4130	4130
Long-term debt:			
	Funded debt	4210	4210
	Premium on long-term debt	4220	4220
	Discount on long-term debt	4230	4230
	Reacquired debt	4240	4240
	Obligations under capital leases	4250	4250
	Advances from affiliated companies	4260	4260
	Other long-term debt	4270	4270
Other liabilities and deferred credits:			
	Other long-term liabilities	4310	4310
	Unamortized operating investment tax		
	credits - net	4320	4320
	Unamortized nonoperating investment		
	tax credits-net	4330	4330
	Net noncurrent deferred operating		
	taxes	4340	4340
	Net deferred tax liability adjustments	4341	4341
	Net noncurrent deferred nonoperating		
	income taxes	4350	4350

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	Other deferred credits	4360	4360
	Deferred tax regulatory liability	4361	4361
	~~Other jurisdictional liabilities and~~		
	~~deferred credits-net~~	~~4370~~	~~4370~~
Stockholders' Equity:			
	Capital stock	4510	4510
	Additional paid-in capital	4520	4520
	Treasury stock	4530	4530
	Other capital	4540	4540
	Retained earnings	4550	4550
REVENUES			
Local Network Services Revenues:			
	Basic local service revenue	5000	5000
	Basic area revenue	5001	
	Optional extended area revenue	5002	
	Cellular mobile revenue	5003	
	Other mobile services revenue	5004	
	Public telephone revenue	5010	
	Local private line revenue	5040	
	Customer premises revenue	5050	
	Other local exchange revenue	5060	
	Other local exchange revenue settlements	5069	
Network Access Services Revenues:			

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
	Network access revenue	5080	5080
	End user revenue	5081	5081
	Switched access revenue	5082	5082
	Special access revenue	5083	5083
	State access revenue	5084	5084
Long Distance Network Services Revenues:			
	Long distance message revenue	5100	5100
	Unidirectional long distance revenue	5110	
	Long distance inward-only revenue	5111	
	Long distance outward-only revenue	5112	
	Long distance private network revenue	5120	
	Subvoice grade long distance private		
	network revenue	5121	
	Voice grade long distance private		
	network revenue	5122	
	Audio program grade long distance		
	private network revenue	5123	
	Video program grade long distance		
	private network revenue	5124	
	Digital transmission long distance		
	private network revenue	5125	
	Long distance private network		
	switching revenue	5126	
	Other long distance private network revenue	5128	
	Other long distance private network		
	revenue settlements	5129	
	Other long distance revenue	5160	
	Other long distance revenue settlements	5169	

PARTS 32 AND 64 STREAMLINING

	Account Title	Class A Account	Class B Account
Miscellaneous Revenues:			
	Miscellaneous revenue		5200
	Directory Revenue	5230	
	Rent revenue	5240	
	Corporate operations revenue	5250	
	Miscellaneous revenue	5260	
	Special billing arrangements revenue	5261	
	Customer operations revenue	5262	
	Plant operations revenue	5263	
	Other incidental regulated revenue	5264	
	Other revenue settlements	5269	
	Carrier billing and collection revenue	5270	
Nonregulated Revenues:			
	Nonregulated operating revenue	5280	5280
Uncollectible Revenues:			
	Uncollectible revenue	5300	5300
	Uncollectible revenue - telecommunications	5301	
	Uncollectible revenue - other	5302	
EXPENSE			
Plant specific operations expense:			
	Network support expense	6110	6110
	Motor vehicle expense	6112	